City of Tempe Tax & License Division 20 E. 6th Street, 3rd floor Tempe, AZ 85281 (480) 350-2955 www.tempe.gov/salestax

Residential Rentals

Landlord Responsibilities

WHAT ARE YOUR RESPONSIBILITIES?

- As a landlord you must obtain a privilege (sales) tax license and pay tax if you rent residential property located within the City of Tempe.
- All residential rentals are subject to tax regardless of the number of rental units owned.
- The property owner is personally liable for the payment of the tax to the City whether or not tax was charged or passed on to the lessee.
- Owners may list multiple residential rental properties located in Tempe under one license as long as each property consists of four or fewer rental units and the legal owner of each property remains the same.
- The license must be maintained in the name of the owner, not a property management company.
- Residential rentals for less than 30 consecutive days are considered "transient lodging," and are also taxed and reported under the transient lodging classification with an additional 5% tax.

Examples of residential rentals include:

- Houses
- Apartments
- Manufactured Homes
- Mobile Home (trailer) Spaces
- Time Shares
- Vacation Rentals
- Duplex/triplex/fourplex
- · Detached house
- Condominium
- Townhouse
- Group home
- Assisted living facilities
- Residential space, such as a room to a college student.

IF YOU HAVE A PROPERTY MANAGEMENT COMPANY

- Property managers may report on behalf of the property owner. Be advised that it is ultimately the responsibility of the property owner to submit payment for residential rental tax. Depending on your contract with the property manager they may or may not file the taxes for you. Please verify with your property manager that they provide this service. You will be liable for the tax and any penalties if the manager does not file returns in your behalf.
- If the property manager completes the license application the license must be in the name of the property owner but the application can show the property manager name and address as the mailing address.
- No deduction shall be allowed for any commissions or fees paid to the property manager.

When a management contract has been terminated the property manager should take one of the following actions:

- If the property continues to be a rental, notify the city that the tax responsibility has reverted back to the property owner and provide a current mailing address;
- If the property has been sold or foreclosed, notify the City to remove the property from the property list as of the date of the sale.
- The property owner's license should not be cancelled by the management company unless the property has been sold or is a single residential dwelling that has been reoccupied by the owner.

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Change in property ownership or mailing address

- Owners are required to notify the Tax & License Division within 30 days of any change
- A change in title or ownership requires a new license
- A transfer of ownership from an individual(s) to a trust or LLC is considered a change of ownership
- A change of mailing address
- A purchase or sale of rental properties.

ZONING REQUIREMENTS

The City zoning laws allow no more than three unrelated people to occupy any one single-family residence. For more information contact the City of Tempe Neighborhood Enhancement Office at (480) 350-8372.

MARICOPA COUNTY ASSESSOR REGISTRATION

All Residential Rentals are required to be registered with the Maricopa County Assessor. There may be penalties and fines for houses not correctly identified or registered as a rental. Registration may be completed on the assessor's website: www.maricopa.gov/assessor. Contact them at (602) 506-3877.